



**NORDIC
MINING**

INTERIM REPORT

Per 30 June 2014



Nordic Mining ASA – Group interim report for the quarter ended 30 June 2014

Nordic Mining ASA ("Nordic Mining" or "the Company") is a resource company with focus on high-end industrial minerals and metals in Norway and internationally. The Company's project portfolio is of a high international standard and holds a significant economic potential. The Company's assets are mainly in the Nordic region.

Through the subsidiary Nordic Rutile AS, Nordic Mining is undertaking large-scale project development at Engebøfjellet in Sogn and Fjordane where the Company has rights to a substantial eclogite deposit with rutile and garnet. Nordic Mining has rights for exploration and production of high-purity quartz in Kvinnherad in Hordaland and develops the project through its subsidiary Nordic Quartz AS. Nordic Mining's associated company Keliber Oy in Finland plans to start mining of lithium bearing spodumene and production of lithium carbonate. Nordic Mining holds exploration rights on the Øksfjord Peninsula in Troms and Finnmark where the Company has discovered a prospective area of sulphide mineralisation. Through the subsidiary Nordic Ocean Resources AS, Nordic Mining is exploring opportunities related to seabed mineral resources.

Nordic Mining is listed on Oslo Axess.

Important events in the second quarter 2014 and year-to-date:

- **Strategic focus on the Engebø project**

The Group's near-term strategic target is to secure permits for the Engebø rutile project.

- **Measuring program completed**

In August 2014, the measuring program for water circulations in the Førdefjord was finalised after 12 months of continuous measuring. The results from the last period will be published later in August 2014. The results from the previous three measuring periods are in line with the measurements included in the environmental impact assessment ("EIA") and show moderate water circulation within the area of the planned tailings disposal. Nordic Mining considers the results so far as a positive confirmation of the EIA documentation.

- **Ongoing completion of the survey and investigation program**

Nordic Mining is currently working on various reports in order to comply with the Ministry of Climate and Environment's request for additional information regarding the Engebø project. In addition to the results from the measuring program this includes i.a. risk assessments regarding the planned tailings disposal, ROV survey and sample fishing of eel and other species in the disposal area. Nordic Mining's final reporting to the Ministry is expected in September 2014.

- **Successful equity issue for Keliber**

In June 2014, Keliber confirmed an equity issue with gross proceeds of approximately EUR 2.2 million; similar to approximately NOK 18.5 million. The new financing will be used for i.a. exploration drilling and process optimisation test work. Nordic Mining's retained ownership in Keliber is 25.9%. Earlier this year the Finnish government accepted Keliber's offer to acquire the Rapasaari spodumene deposit. Exploration drilling has been executed and updated resource estimates are expected in August/September 2014.

- **Funding secured for further exploration in Rein fjord**

In March 2014, NordMin (funded by the Nordic Council of Ministers) granted NOK 2 million for further exploration in the prospective Rein fjord area with potential for nickel,

palladium, platinum and PGE. A team of geologists from i.a. NTNU and Nordic Mining will do field-mapping studies in the area in August 2014. Drilling of one or two boreholes is planned in September 2014.

Financial performance

For comparison, numbers in brackets relate to the comparable period in 2013; the quarter or accumulated year-to-date as the case may be.

Operating loss for the Group in the second quarter was NOK -8.2 million (NOK -6.2 million). Accumulated consolidated operating loss was NOK -11.0 million (NOK -10.3 million). Costs related to share-based remuneration (no cash effect) of NOK -4.0 million (NOK 0.0 million) in connection with option agreements with leading employees and resource persons have been recognised and included in the consolidated operating loss for the quarter as well as for the half year period. The Group's accumulated operating loss was reduced by approximately NOK 1.0 million due to VAT refund from 2013. The VAT refund is explained from retroactive VAT registrations which were approved in April 2014; ref. note 4. The Group has significantly reduced general corporate expenses compared to the same period last year on the back of strategic focusing and cost reduction measures.

The Group's investment in Keliber is classified as shares in an associated company. Following from an equity issue in Keliber in June 2014 of approximately EUR 2.2 million, Nordic Mining's shareholding in Keliber has been reduced from 38.0% to 25.9%. The net loss from the associated company in the second quarter was NOK -1.9 million (NOK -0.7 million). Accumulated net loss from the associated company was NOK -3.0 million (NOK -1.3 million). Keliber's loss was related to costs for i.a. environmental impact assessment, process optimisation studies and general corporate expenses.

Consolidated net loss for continuing operations was NOK -10.0 million (NOK -6.9 million) in the second quarter. The Group's accumulated net loss for continuing operations was NOK -14.0 million (NOK -11.6 million). The loss from discontinued operations in the second quarter of 2013 and 2013 year-to-date; NOK -2.9 million and NOK -4.3 million, respectively, were related to Gudvangen Stein which was divested in June 2013.

Total net loss for the Group in the second quarter was NOK -10.0 million (NOK -9.8 million). The Group's accumulated total net loss was NOK -14.0 million (NOK -15.9 million). Excluding the cost of share-based remuneration and the VAT refund from 2013 the Group's comparable total net loss in the first half year is reduced with NOK 4.9 million compared with the same period in 2013.

Cash flow from the Group's operating activities was negative in the second quarter with NOK -3.1 million (NOK -3.7 million) and NOK -8.5 million (NOK -8.9 million) accumulated. Net cash used in investment activities was NOK -0.1 million (NOK -0.1 million) in the second quarter and NOK -0.2 million (NOK -0.5 million) accumulated. The investments were related to the Engebø rutile project.

Nordic Mining's total assets as of 30 June 2014 were NOK 28.6 million (NOK 34.2 million), and the Group's total equity amounted to NOK 26.3 million (NOK 30.1 million). This gives an equity ratio of 92% (88%).

As per 30 June 2014, the Group's cash and cash equivalents amounted to NOK 6.9 million (NOK 3.1 million). Based on current forecasts the Group's cash balance is expected to be sufficient until December 2014. Consequently, the Board emphasises that strategies for further financing will be important going forward. Nordic Mining will evaluate alternatives to ensure adequate liquidity for its prioritised projects and to provide for future financial strength and flexibility. In

order to secure financing the Group will need to either raise more equity or to issue debt instruments depending on the development of ongoing projects.

Nordic Mining targets to report the requested supplementary information regarding the Engebø rutile project to the Ministry of Climate and Environment in September 2014. Although there are no guarantees that the project will be granted permits in 2014, the Board has confidence in the project's material parameters and subsequently the positive outcome of the government's final considerations in the matter. The Board expects that a clarification of regulatory matters for the Engebø project will be positive for the Group's financial flexibility going forward.

Main projects and activities

Introduction

The Group's near-term strategic target is to secure permits for the Engebø rutile project. For the other projects, alternative financing and cooperation scenarios are explored in order to continue development work.

Comprehensive information of the Group's main projects is presented in the annual report for 2013 (www.nordicmining.com). An update of the project progress year-to-date follows below.

Nordic Rutile / Engebø project (rutile/titanium dioxide)

General project information

The Engebø rutile deposit is one of the largest unexploited rutile deposits in the world and has the highest in situ grade of rutile compared to current rutile producers and development projects. The deposit also contains significant quantities of garnet, and consequently high quality garnet will be a by-product. Garnet has various industrial applications and can replace industrial sands containing free silica which is harmful for health and environment. Nordic Mining's internal estimate for the NPV of the project is USD 466 million after tax based on an 8% discount rate and a rutile price of USD 1,000 per tonne.

Industrial area plan and discharge permit

The municipality boards in Naustdal and Askvoll approved the industrial area plan for the rutile production at Engebø in May 2011. In June 2011, the county governor of Sogn og Fjordane recommended approval of the plan. However, the Ministry of Climate and Environment in March 2013 requested supplementary information despite the strong local and regional support and the comprehensive EIA undertaken by Nordic Mining,

In 2013, Nordic Mining assigned DNV GL to conduct a measuring program regarding documentation of water circulations in the Førdefjord and risk assessments regarding the planned sea disposal for the mineral residues. DNV GL was also assigned for various additional investigations, e.g. ROV survey and sample fishing of possible spawning grounds for fish and other species in the disposal area.

In August 2014, the measuring program for water circulations was completed after 12 months of measuring at 11 metering stations. Water currents have been measured using advanced profiling metering instruments which record current velocities and directions at different water depths. Further, hydrographic measurements have been executed with recording parameters like temperature, salinity, density, pressure and oxygen content in the water.

DNV GL has now gathered all four datasets from the measurement program; the first in November 2013, the second in February 2014, the third in May 2014 and the last in August

2014. The results from the first three datasets have been published and the results from the last set will be published later in August 2014. The results from the first three datasets show that the water circulation is moderate within the area of the planned tailings disposal and that the seasonal variations are limited. The results are in line with the measurements included in the EIA for the project. The results reflect the typical circulation pattern for this type of fjord and depth, and indicate that the settling of the inert, nontoxic mineral tailings will be efficient. Nordic Mining considers the results so far as a positive confirmation of the EIA documentation.

In April 2014, DNV GL executed a ROV survey of five transects along the bottom of the Førdefjord. The survey confirmed previous information of a typical sedimentation seafloor in the fjord. No indications of corals or rare species were detected.

In spring and summer 2014, DNV GL has coordinated sample fishing of eel and other fish as well as sampling of fish eggs and larva in the disposal area. The preliminary results of the sampling do not indicate specific areas of concern with regards to spawning grounds for fish and endangered/valuable species.

Nordic Mining targets to submit all the requested supplementary information to the Ministry of Climate and Environment in September 2014.

Nordic Quartz / Kvinnherad project (high-purity quartz)

General project information

Nordic Quartz has exclusive rights for the investigation and development of a quartz deposit in Kvinnherad municipality in Norway. Studies and tests show that the quartz has a low content of contaminants and therefore can be regarded as a high-purity type of quartz. The deposit is considered to contain raw quartz sufficient for minimum 60 years of production of high-purity products at a rate of 5,000 tonnes per year. A scoping study carried out in 2012 outlined an industrial base case with a mine life assumption of 30 years, estimated investments of approximately USD 50 million, a preliminary after tax NPV of USD 60 million based on an 8% discount rate and an average price of high-purity quartz of USD 6,700 per tonne, and an undiscounted payback period of 4.3 years.

Further project proceedings

Nordic Quartz has had limited activity on the quartz project in 2014. The long-term outlook for quartz products in advanced applications is positive and Nordic Mining investigates possibilities to establish an industrial strategic partnership for the project.

Nordic Ocean Resources (seabed minerals)

Follow-up of the pre-project study

The results from the pre-project study, executed in 2013 by NTNU and Nordic Ocean Resources with support from Statoil, were presented at an international seminar on submarine minerals in April 2014. The international interest with regard to securing prospective exploration areas as well as technology development is substantial, and Norway has a huge potential to develop subsea mineral industry. The partners in the pre-project study are evaluating a continuation of the project cooperation and a possible expansion of the partner network.

Application for submarine mineral exploration rights in Norway

Nordic Ocean Resources is awaiting feedback from the Ministry of Trade, Industry and Fisheries regarding its application for mineral exploration rights on the Norwegian continental shelf. The

application has been updated several times, last time in January 2014.

Shareholders' agreement with Ocean Miners AS

Nordic Mining and Ocean Miners AS, a company owned by Professor Fredrik Søreide, have entered into a new shareholders' agreement regarding the cooperation in Nordic Ocean Resources. As part of the agreement, Nordic Mining's shareholding in Nordic Ocean Resources has been reduced from 85% to 80% without sales proceeds.

Keliber (lithium/lithium carbonate)

General project information

The associated company Keliber in Finland has deposits of high quality lithium mineral suitable for extraction and production of high-purity lithium carbonate. Lithium carbonate has a variety of industrial applications, i.a. for batteries which takes up an increasing share of the total global consumption.

Subsequent of the equity issue in June 2014 where Keliber raised approximately EUR 2.2 million in new financing, Nordic Mining owns 25.9% of the share capital and remains the largest shareholder in Keliber.

Mineral resources and reserves

Keliber targets to identify additional mineral resources for its planned industrial lithium production. The Finnish government has accepted Keliber's offer to acquire the Rapasaari deposit adjacent to the company's other deposits. A drilling program has been executed at Rapasaari and certain other prospects in the first half of 2014. Updated resource estimates are expected in August/September 2014.

Environmental impact assessments are ongoing and additional process optimisation studies will be executed in the second half of 2014. Keliber plans to compile and conclude a pre-feasibility study before year-end 2014 or early 2015.

Other project activity

Production of alumina from anorthosite

In March 2014, Nordic Mining and Institute for Energy Technology filed a patent application for a new technology for extraction of alumina from alumina/calcium-rich minerals. The new technology is an innovative solution for production of alumina from alternative mineral sources such as anorthosite, with the integrated use and storage of CO₂. The technology may represent a global potential for an improved production of feedstock for aluminium production.

Exploration on the Øksfjord Peninsula

In January 2014, Nordic Mining was granted two new Exploration Rights east of the Reinfjord prospect. Electromagnetic data published by the Geological Survey of Norway show that the new Exploration Rights include an area of particular low resistivity. Low resistivity can be caused by metals contained in the bed rock and may indicate existence of a metallic ore body.

In March 2014, a research program coordinated by NTNU, and where Nordic Mining is a partner, was granted NOK 2 million from NordMin for further exploration in the prospective Reinfjord area with potential for nickel, palladium, platinum and PGE. NordMin is a research network funded by the Nordic Council of Ministers. A team of geologists from i.a. NTNU and Nordic

Mining will do field-mapping studies in the area in August 2014 and drilling of one or two boreholes is planned in September 2014.

Corporate governance and Sustainability

Nordic Mining has defined good corporate governance as processes and control procedures to protect the interest of shareholders and other stakeholders relative to the Company's activities. Nordic Mining's corporate governance is based on requirements following from existing laws and regulations. The Company's principles and routines will be revised in accordance with prevailing laws and regulations.

Nordic Mining has established principles for corporate governance, ethical guidelines and general business conduct based on Norwegian standards and recommendations as presented in "The Norwegian Code of Practice for Corporate Governance". In the annual report for 2013, the Board of Directors has provided a comprehensive report on corporate governance in accordance with the Norwegian Code. In addition, the Board of Directors report outlines the Company's goals and perspectives with regard to "Sustainability". The annual report is referred for further information (www.nordicmining.com).

Organisation, environment, health and safety

As per the date of this report, Nordic Mining has 3 employees.

As a mining company, Nordic Mining will strive to hold high standards as regards environment, health and safety. The working environment is considered to be good. Sickness absence in the first half year has been low.

The Company's activity in the first half year has had limited impact on nature and environment.

Financial risks

Financing, cash management and accounting are handled by the CFO with contracted assistance from TMF Norway AS (previous name Accepta AS). The Board of Directors has defined levels of authorisation for the Managing Director, and the Managing Director has defined the authorisation for the CFO.

Nordic Mining's surplus cash is placed on bank accounts in Norwegian kroner (NOK).

Nordic Mining faces normal business risks related to contractual agreements, primarily with suppliers of various kinds. For the mining industry there are, however, certain general risk factors which are also applicable for Nordic Mining. The main risk factors include:

- ❖ Mineral exploration involves a high degree of risk, and few properties that are explored, are ultimately developed into producing mines. The long-term profitability of Nordic Mining will in part depend of the cost and success of its exploration program.
- ❖ Nordic Mining has no control over mineral prices which can be affected by numerous factors like international economic and political development etc.
- ❖ Nordic Mining might require new equity in the future in order to be able to continue the exploration programs and the possible development of its projects. The progress of project development might be affected by issues related to financing.

Going forward, Nordic Mining will evaluate alternatives to ensure adequate liquidity for its prioritised projects and to provide for future financial strength and flexibility. The Board of Directors emphasises that there are elements of risk related to further financing and consequently to the long term ability to continue as a going concern. For further information regarding risk factors, in particular financial and liquidity risks, the Board of Directors refers to the discussion on page 3 and 4, and to the annual report for 2013.

Shareholders and capital

Total number of shares in Nordic Mining as per 30 June 2014 is 280,504,805, each with a face value of NOK 0.10. The number of shareholders in the Company is approximately 3,000. By early August 2014, the proportion of shareholders based abroad was approximately 20%.

At the Company's ordinary general meeting 27 May 2014, the Board of Directors was authorised to submit a total of 28 million new shares in connection with rights issues in favour of the Company's shareholders. The authorisation is valid for one year. As per the date of this report the authorisation has not been utilised.

Further on 27 May 2014, the general meeting approved a sharebased incentive program for leading employees and qualified resource persons. The Board of Directors was authorised to award options that in total gives the right to subscribe for up to 14 million new shares in Nordic Mining. In June 2014, a total of 10,750,000 options were awarded to leading employees and resource persons. As per the date of this report none of the options have been utilised.

Oslo, 14 August 2014

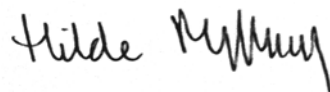
The Board of Directors of Nordic Mining ASA



Tarmo Tuominen
Chairman



Kjell Roland



Hilde Myrberg



Mari Thjømøe



Tore Viana-Rønningen



Ivar S. Fossum
CEO

CONSOLIDATED INCOME STATEMENTS

	2014 01.04-30.06 Unaudited	2013 01.04-30.06 Unaudited	2014 01.01-30.06 Unaudited	2013 01.01-30.06 Unaudited	2013 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Sales	-	-	-	-	-
Other income	-	-	-	-	25
Payroll and related costs	(6 342)	(3 997)	(7 915)	(6 456)	(9 725)
DD&A	-	-	-	-	-
Other operating expenses	(1 847)	(2 171)	(3 095)	(3 826)	(8 998)
Operating profit/(loss)	(8 189)	(6 168)	(11 010)	(10 282)	(18 698)
Share of result of an associate	(1 868)	(682)	(3 049)	(1 334)	(2 972)
Impairment of investment in associate	-	-	-	-	(6 523)
Financial income	18	3	57	10	114
Financial costs	(6)	(4)	(11)	(10)	(11)
Profit/(loss) before tax	(10 045)	(6 851)	(14 013)	(11 616)	(28 090)
Income Tax	-	-	-	-	-
Loss from continuing operations	(10 045)	(6 851)	(14 013)	(11 616)	(28 090)
Loss from discontinued operations	-	(2 900)	-	(4 298)	(4 298)
Loss for the period	(10 045)	(9 751)	(14 013)	(15 914)	(32 388)
Profit/(loss) attributable to					
Equity holders of parent	(10 045)	(9 751)	(14 013)	(15 914)	(32 388)
Non-controlling interest	-	-	-	-	-
Earnings per share attributable to ordinary shareholders					
<i>(Amounts in NOK)</i>					
Basic and diluted earnings per share for continuing operations	(0,04)	(0,03)	(0,05)	(0,06)	(0,14)
Basic and diluted earnings per share for discontinued operations	-	(0,01)	-	(0,02)	(0,02)
Basic and diluted earnings per share	(0,04)	(0,05)	(0,05)	(0,08)	(0,16)

STATEMENTS OF COMPREHENSIVE INCOME

	2014	2013	2014	2013	2013
	01.04-30.06	01.04-30.06	01.01-30.06	01.01-30.06	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(10 045)	(9 751)	(14 013)	(15 914)	(32 388)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	235	1 251	(10)	1 672	2 996
Reclassification of translation adjustment	-	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates	-	-	-	-	(739)
Other comprehensive income directly against equity	235	1 251	(10)	1 672	2 257
Total comprehensive income for the period	(9 810)	(8 500)	(14 023)	(14 242)	(30 131)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30.06.2014	31.12.2013
(Amounts in NOK thousands)	Unaudited	Audited
ASSETS		
Non-current assets		
Licences	6 611	6 451
Investment in associate	13 892	16 951
Total non-current assets	20 503	23 402
Current Assets		
Trade and other receivables	1 267	1 119
Cash and cash equivalents	6 854	15 495
Total current assets	8 121	16 614
Total assets	28 624	40 016
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	28 050	28 050
Share premium	227 145	227 145
Other paid-in capital	12 858	8 893
Retained losses	(244 647)	(230 634)
Other comprehensive income	2 867	2 877
Equity attributable to ordinary shareholders	26 273	36 331
Non-controlling interest	-	-
Total equity	26 273	36 331
Non-current liabilities		
Other liabilities	81	52
Total non-current liabilities	81	52
Current liabilities		
Trade Payables	1 028	1 568
Other current liabilities	1 242	2 065
Total current liabilities	2 270	3 633
Total liabilities	2 351	3 685
Total shareholders' equity and liabilities	28 624	40 016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **Unaudited**

	Attributed to equity holders of the parent					Total equity
	Share capital	Share premium	Other-paid-in capital	Other comprehensive income	Accumulated losses	
<i>(Amounts in NOK thousands)</i>						
Equity 1 January 2013	18 547	206 821	8 856	619	(198 246)	36 597
Total comprehensive income	-	-	-	1 672	(15 914)	(14 242)
Share-based payment	-	-	37	-	-	37
Share issue	1 503	9 020	-	-	-	10 523
Transaction costs	-	(2 813)	-	-	-	(2 813)
Equity 30 June 2013	20 050	213 028	8 893	2 291	(214 160)	30 102
Equity 1 January 2014	28 050	227 145	8 893	2 877	(230 634)	36 331
Total comprehensive income	-	-	-	(10)	(14 013)	(14 023)
Share based payment	-	-	3 965	-	-	3 965
Equity 30 June 2014	28 050	227 145	12 858	2 867	(244 647)	26 273

CONSOLIDATED CASH FLOW STATEMENTS **For the period ended 30 June**

	2014	2013
	01.01-30.06	01.01-30.06
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited
Net cash used in operating activities	(8 481)	(8 853)
Purchases of property, plant & equipment	-	(296)
Purchases of intangible assets	(160)	(158)
Other	-	-
Net cash used in investing activities	(160)	(454)
Share issuance	-	7 709
Payments of loans	-	(500)
Principal payments on finance leases	-	(962)
Net cash from financing activities	-	6 247
Net change in cash and cash equivalents	(8 641)	(3 060)
Effect of changes in foreign exchange rates	-	-
Cash and cash equivalents at beginning of period	15 495	6 164
Cash and cash equivalents at end of period	6 854	3 104

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial reporting, and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2013.

This report was approved by the Board of Directors on 14 August 2014.

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2013.

Note 2 – DISCONTINUED OPERATIONS

2013:

In June 2013, Nordic Mining entered into an agreement to sell all the shares in Gudvangen Stein for NOK 1.00. The sale was completed on 17 June 2013. As part of the transaction Nordic Mining was released from corporate guarantees amounting to NOK 5.7 million.

Discontinued operations

The divestment of Gudvangen Stein in June 2013 is presented as discontinued operations in the consolidated financial statements. In the table below, the amounts from the condensed income statements that have been reclassified to loss from discontinued operations are specified for the first half year 2013 and for the full year 2013:

	01.01-30.06 2013 Gudvangen
<i>Amounts in NOK thousands</i>	
Revenue	10 807
Other income	-
Cost of sales	(3 220)
Payroll and related costs	(2 807)
DD&A	(854)
Other operating expenses	(5 596)
Operating loss	(1 670)
Other costs/income	(441)
Loss from discontinued operations before remeasurement to fair value	(2 111)
Impairment	-
Loss on disposal	(2 187)
Total loss for discontinued	(4 298)

Note 3 – SEGMENT

The Group shows segments on the basis of products or products under development. The two reportable segments are:

- Titanium feedstock which can be produced by Nordic Rutile from the mineral deposit at Engebø; the Ministry of Climate and Environment considers the industrial area plan for the project and the application for waste disposal.
- Quartz which can be produced from the quartz deposit in Kvinnherad. A scoping study outlines the potential for a profitable industrial quartz project.

The reconciling column "Adjustments and eliminations" includes the Group's administration costs and other unallocated corporate business development costs as well as elimination entries related to preparing consolidated financial statements.

The Group uses the segments' profit/(loss) before tax from continuing operations as the basis for the segment results including some allocations of corporate expenses, but excluding purchase price allocations related to business combinations. All the numbers in the table below are in NOK thousands and present the period 1 January – 30 June.

	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues	-	-	-	-	-	-	-	-
Segment result	(170)	(375)	(4 064)	(2 837)	(9 779)	(8 404)	(14 013)	(11 616)

The comparative numbers for the first half year 2013 have been restated to reflect the discontinued operations presentation of the consolidated income statement related to the disposal of Gudvangen Stein AS.

Note 4 – OTHER OPERATING EXPENSES

Other operating expenses for the first half-year 2014 includes approximately NOK 1.0 million of VAT refund for 2013 related to Nordic Rutile AS and Nordic Quartz AS. The retroactive VAT registrations were approved in April 2014 and repayment has been received in the second quarter 2014.

Note 5 – TRANSACTIONS WITH RELATED PARTIES

Nordic Mining has an agreement with Dag Dvergsten AS for office rental. The Company's board member Tore Viana-Rønningen is employed in Dag Dvergsten AS. For the period 1 January – 30 June 2014 Nordic Mining recorded NOK 0.24 million in expenses related to the agreement with Dag Dvergsten AS (NOK 0.1 million positive cost adjustment for the comparable period in 2013).

Note 6 – SHARE BASED REMUNERATION

The annual shareholders' meeting in May 2014 decided to implement an incentive program for senior management and qualified resource persons. The Board of Directors was given authority to allocate options that in full gives the right to subscribe up to 14 million new shares in Nordic Mining.

In June 2014, the Board decided to grant in total 10,750,000 options to leading employees and resource persons. For 8,250,000 options, the exercise price is NOK 0.90 per share. For the remaining 2,500,000 options the exercise price is NOK 1.80 per share. The weighted average exercise price is NOK 1.11 per share. The share price on the allocation date was NOK 1.04. The options have no vesting requirements and may be exercised until 18 May 2016.

	2014	
	Number of options	Weighted average exercise price
Outstanding 1 January	4 850 000	1,05
Granted during the year	10 750 000	1,11
Cancelled during the year	-	-
Exercised during the year	-	-
Expired during the year	(4 850 000)	1,05
Outstanding 30 June	10 750 000	1,11
Exercisable 30 June	10 750 000	1,11

Average fair value of the options granted in the second quarter 2014 was NOK 0.37 per share. The real price of the granted options has been calculated using the Black Scholes model.

Costs related to share based remuneration; in total NOK 3,965,000 have been recognised and included in the operating loss for the second quarter and for the half year period. The costs have no cash effect.

Note 7 – SUBSEQUENT EVENTS

In August 2014, the measuring program for water circulations in the Førdefjord was finalised after 12 months of measuring. The results will be reported later in August 2014.

Responsibility statement from the Board of Directors and the CEO

Today, the Board of Directors and the CEO have resolved the report and the interim condensed consolidated financial statements for Nordic Mining ASA per 30 June 2014 and for the first half year of 2014, including interim condensed consolidated figures for comparison per 30 June 2013 and for the first half year 2013.

The half year report is submitted in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU, and in accordance with further requirements in the Norwegian Securities Trading Act.

The Board of Directors and the CEO confirm, to the best of our knowledge, that the interim financial statements for the first half year of 2014 have been prepared in accordance with prevailing accounting standards, and that the information given in the financial statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results as per 30 June 2014 and 30 June 2013, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2014 gives a true and fair overview of the main activities in the period. Further, the most important risks and uncertainties, as well as related parties' significant transactions, are described in a best possible manner.

Oslo, 14 August 2014

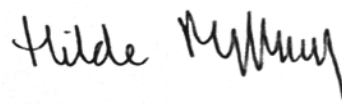
The Board of Directors of Nordic Mining ASA



Tarmo Tuominen
Chairman



Kjell Roland



Hilde Myrberg



Mari Thjømøe



Tore Viana-Rønningen



Ivar S. Fossum
CEO